

INDUSTRY CIRCULAR

OFFICE OF THE COMMISSIONER OF INTERNAL REVENUE
ALCOHOL AND TOBACCO TAX DIVISION



WASHINGTON 25, D. C.

Industry Circular No. 60-33

August 31, 1960

Preparation of Forms 2636 and 2731

Proprietors of distilled spirits plants,
and others concerned:

Purpose. This circular is to inform you of correct procedures for making certain entries on Forms 2636 and 2731.

Background. We have been requested to clarify the procedure (a) for recording on Form 2731 - Monthly Report of Bonded Storage Operations - losses sustained in bottling spirits or in packaging mingled or blended spirits; and (b) for determining which quantity of spirits should be entered at line 32 of Form 2636 - Daily Report of Transactions - (1) the quantity dumped for bottling (column (d), Section II, Form 1515) or (2) the quantity after reduction in proof (column (e), Section III, Form 1515).

Procedure. First, Form 2731 is a balanced report, but it does not include internal transactions, such as bottling in bond or mingling or blending of spirits. Footnote 6 on Form 2731 states that line 20 covers only storage losses; accordingly, where your bonded storage operations include such internal transactions, and losses are sustained in bottling spirits or in packaging mingled or blended spirits, you should enter and appropriately identify such losses in an unused line on Form 2731 in order that the report will balance.

Second, the quantity of spirits reported at line 32 of Form 2636 should be the quantity determined by gauge at the time of dumping for bottling in bond and entered in column (d), Section II of Form 1515. This quantity would then represent the quantity of spirits used for bottling. The difference between the quantity used and the quantity bottled would represent the loss in bottling which would be entered in Section IV of Form 1515, and in an unused line on Form 2731 as stated above.

Similarly, the quantity of spirits reported at lines 33 and 34 of Form 2636 would be the quantity determined by gauge at the time of dumping for blending or mingling, and entered on Form 1685 and Form 2323, respectively. Also, the loss in packaging such blended or mingled spirits and entered in item 14 b of Form 1685 or item 18G of Form 2323, as the case may be, should be entered in an unused line on Form 2731 as stated above.

Inquiries. Inquiries regarding this circular should refer to its number and be addressed to your assistant regional commissioner, alcohol and tobacco tax.

A handwritten signature in cursive script, reading "Dwight E. Avis". The signature is written in dark ink and is positioned above the printed name and title.

Dwight E. Avis
Director, Alcohol and Tobacco Tax Division